September 24 1930.

Sir:

I have the honor to acknowledge the receipt of your note of July 31, 1930, with which you were good enough to transmit the text of the Advisory Opinion given by the Court on July 31, 1930, relating to the interpretation of the Greco-Bulgarian Emigration Convention of November 27, 1919 (Question of the "Communities").

I have the honor to be, Sir,

Your obedient servant,

For the Secretary of State:

W. R. CASTLE, JR.

The Registrar of the

Permanent Court of International Justice,

The Hague.

WE:HMB
768.745/28
9/18/30

CR
Sep. 23 1930.PM

768.745/28

# DOCUMENT FILE

# NOTE

SEE 462.00 R 296/4279 FOR Tel#27, 1pm

FROM Greece ( Skinner ) DATED July 5, 1931.
TO NAME

1—1172 o.r.o

768.745/29

REGARDING:

Hoover's Moratorium:

Greece will not accept the - unreservedly unless assured that she will be relieved of payments to Bulgaria under the Kaphandaris-Molloff Agreement.

768.74?

b

MAM

GRAY

ATHENS

Dated July 5, 1931

Rec'd 3:15 p.m.

Secretary of State

Washington

27, July 5, 1 p.m.

Department's 20, July 3.

I have not indicated that Government would compromise with Greece but on contrary have urged Mr. Venizelos strongly to accept President's proposals unreservedly. The TIMES report is inaccurate, doubtless due to the unfamilarity of writer with question discussed. Regardless of French action Mr. Venizelos has consistently declined to accept proposals unreservedly without first receiving more complete information especially as to Canada and Bulgaria. In his speech he made no "revelation that United States Government had offered to compromise" but explained that whereas original Greek calculations assumed that moratorium would not apply to the second portion of American debt he was now informed that it would apply to the entire debt thus reducing apparent loss. Mr. Venizelos is reported in press to have said in his speech that Greece would lose 156,000,000 drachmas by the proposed operation which THE TIMES probably reckoned

reckoned would be $1,750,000. In so stating I judge that Prime Minister simply made a mistake as his own figures to me show that loss would be exaggerating the difference between anticipated receipts 20,270,000 marks and outgoing 18,513,245 marks, net loss 1,756,755 marks as shown in my telegram No. 22, this being almost identical with anticipated receipts from Czechoslovakia. This agrees with his long statement to me which I mailed July 2nd, wherein he says "if it is decided that Czechoslovakia shall not benefit by suspension of payments (Greece's portion would be 1,758,000 marks), if moreover suspension is extended to our debt to Bulgaria and our debt to Canada then Greece would find herself covered and would suffer no damage from Hoover propositions".

From conversation with influential private persons I believe that in the end Mr. Venizelos will adhere unreservedly despite loss of 1,750,000 marks if convinced that Greece need not pay Bulgaria under the Cafenderis Molloff agreement and Canada under agreement of December 27th,1923. However, he will hold out so long as prospect remains that France will make up portion of loss of original reparations under French credit scheme. On July 2nd I mailed statement made to me by Mr. Venizelos wherein he suggested lengthily

that President

that President probably did not realize that 76 per cent of original reparations were assigned to Greece and that Czechoslovakia, which required no aid, was being relieved of a payment which Greece sorely needed. Mr. Venizelos understands whole position clearly but ardently desires to save his country from a net loss which though small in relation to the entire operation means much to a poor country like Greece. Bulgaria apparently expects Greece to pay her while she herself will be liberated entirely and to this Greece will never agree. It is in the general interest that this point be settled in favor of Greece without delay.

SKINNER

# DOCUMENT FILE

# NOTE

SEE 462.00 R 296/4316 FOR Tel#28 4pm

FROM Greece ( Skinner ) DATED July 7, 1931.
TO NAME 1—1172 ore

REGARDING:

Hoover's Moratorium: Conversation with the Bulgarian Minister in which he inquired whether in American Government's judgment the - should include payments to Bulgaria from Greece under the Cafandaris-Molloff Agreement. Believes if Department will inform the two Governments that this agreement is included in the -, Bulgaria will accept that view without debate.

768.745/30

b

MMP

GRAY

ATHENS

Dated July 7, 1931

Rec'd 1:55 p. m.

Secretary of State,

Washington

28, July 7, 4 p. m.

Bulgarian Minister called to inquire whether in American Government's judgment the moratorium should include payments to Bulgaria from Greece under Cafandaris-Molloff Agreement. His Government is obviously doubtful whether these payments can be expected and I am inclined to believe that if Department will inform the two Governments that the payments being from Government to Government are properly included in the President's plan, Bulgaria will accept that view without further debate.

SKINNER

CSB

DEPARTMENT OF STATE

OFFICE OF THE ECONOMIC ADVISER

DEPARTMENT OF STATE
RECEIVED
JUL 9 1931
DIVISION OF
COMMUNICATIONS AND RECORDS

July 1, 1931.

768.745

Pursuant to the provisions of Article 56, paragraph 2, of the Treaty of Peace with Bulgaria, and in accordance with a decision of the principal Allied and Associated Powers of November 27, 1919, a convention was signed on November 27, 1919, between Greece and Bulgaria for the settlement of questions growing out of the migration of Greek nationals out of Bulgarian territory and Bulgars out of Greek territory as a result of the war. The convention intended to regulate the "reciprocal and voluntary immigration" of racial, religious and linguistic minorities between Greece and Bulgaria and to facilitate the payments of the real property which emigrants would leave in the country of their former allegiance.

768.745/31

Article 8 of the Convention of November 27, 1919, provided for the appointment of a Mixed Commission to carry out the intent of the convention. The Commission was to be composed of one member nominated by each of the contracting states and "of an equal number of members of a different nationality, from among whom also the president shall be chosen, who shall, moreover, be nominated by the Council of the League of Nations". The Mixed Commission was

FILED
JUL 9 1931

was constituted on September 18, 1920.

A study of the convention leads to the impression that the signatories intended that the payments for the liquidation of the property should be made in cash. The financial difficulties of the two countries made this method of settlement impracticable. The Mixed Commission, therefore, reached the conclusion that ten per cent of the amounts involved should be paid in cash, and 90 per cent should be paid by means of loans bearing six per cent interest. In 1922, the time of maturity of these loans was fixed by the Commission at 12 years. On December 8, 1922, the Mixed Commission adopted a general payment plan and this plan was given the force of law in the two countries. From 1922 to 1926, the payment plan went through various changes in order to bring it into harmony with the new situation created by the termination of the period for emigration.

Among the technical questions which required the consideration of the Mixed Commission, the most pressing ones were how to organize the funds which were to serve as security for the debts of the two countries, which question had not yet been settled. Further, the two governments, under pressure of need for land to settle other refugees, had assigned the lands liquidated by the Mixed Commission

to cover other debts, or in some instances, had transferred the ownership of the land to third parties. The actual number of emigrants involved and the payments required had also become known. The burden of these payments on the financial resources of the two countries appeared to make a change in the plan desirable.

It was in the light of these facts that the Reporter, at the meeting of the Council of the League of Nations in September, 1927, proposed the adoption of a resolution which provided in substance that in view of the difficulties arising out of the question of indemnification of the emigrants who had availed themselves of the emigration convention it would be of interest to the Council of the League to ask the Finance Committee to give its advice on all technical aspects of the problem on which the President of the Greco-Bulgarian Commission might desire to consult it. Pursuant to this resolution, the President of the Mixed Commission submitted to the Finance Committee early in September, 1927, a general account of the technical difficulties he had encountered in the indemnification of the emigrants. The Finance Committee examined these difficulties, and due to its intervention, an agreement was signed on December 9, 1927, by the Finance Ministers of the two countries for the purpose of insuring the

regularity

regularity of cash payments to the emigrants. This was known as the Kafandaris-Molloff Agreement. This agreement was ratified by Bulgaria on April 3, 1928, and by Greece, December 9, 1928.

The Agreement provided that payments should be made in bonds carrying interest at the rate of six per cent. The two governments undertook, as long as bonds of these issues remained outstanding, to purchase each half year, beginning July 1, 1928, one-sixtieth of the face value of the total amount of bonds issued. If the bonds in the necessary amounts could not be purchased in the open market, and if the market price was above par, bonds could be drawn at par according to Article 1.

It appears from the foregoing brief review of the Emigration Agreement and the Kafandaris-Molloff Agreement that the claimants in this case are private Greek and Bulgarian subjects, and that the governments served as transmitting agents. No exact figures appear to be available as to the total amount of bonds outstanding under the Agreement of December 9, 1927.

In reply to inquiries of the Department through the American Legation at Athens, the Greek Government is reported in a telegram No. 22, June 28, 11 a. m. as having stated

stated that its payments to Bulgaria under the Kafandaris-Molloff Agreement are 3,794,000 German marks. In a telegram No. 22 of June 23, 10 a. m. from the American Legation at Athens, the amount of the annual payment was stated as 64,000,000 Greek drachmas. The amount of German marks converted into dollars at the rate reported by the Federal Reserve Board on June 29, 1931, is $900,488.286 and the amount reported in Greek drachmas converted into dollars at the rate for June 29, 1931, amounts to $829.120.

A telegram No. 11, of June 26, 11 a. m. from the American Legation at Sofia, states the amounts which Bulgaria is to receive from Greece under the agreement "in excess of the value of the property left in Bulgaria by Greeks" in 1931, 110,462,000 leva; in 1932, 106,780,000 leva; in 1933, 103,221,000 leva; and in 1934, 99,454,000 leva. The figures given in Bulgarian lev have been converted into dollars at the rate of 0.72 cents to the lev and the result stated in the following table:

Payment

Payment under Kafandaris-Molloff Agreement, December 9, 1927.

| Date of Payment | Excess of Payments by Greece to Bulgaria, in dollars, reported from Bulgaria. | Excess of Payments to Bulgaria by Greece, in dollars, reported from Greece. |
|---|---|---|
| January 1, 1931 | $795,362.40 | $900,488.286 |
| January 1, 1932 | 768,816.00 | 900,488.286 |
| January 1, 1933 | 743,191.20 | 900,488.286 |
| January 1, 1934 | 716.068.80 | 900,488.286 |

KC

EA:KEC:ECD:SS

# DOCUMENT FILE

# NOTE

SEE 462.00 R 296/4628 FOR Tel#14 5pm

FROM Bulgaria (Barnes) DATED July 20, 1931.
TO NAME

1—1172 GPO

768.745/32

REGARDING:

Hoover's Moratorium: Resume of Bulgarian Foreign Office note which sets forth Government's position with reference to -. Kafandaris - Molloff Agreement considered ofaa private character and the Foreign Office has received no communication from Greek Government to the effect that they will not make payments now due.

b

REP

WE
EA
NE

This telegram must be closely paraphrased before being communicated to anyone.

Sofia.

Dated July 20, 1931

Rec'd 21st, 1:43 a. m.

Secretary of State,

Washington.

14, July 20, 5 p. m.

STRICTLY CONFIDENTIAL.

Paragraph numbered one of this telegram is a brief resume of Bulgarian Foreign Office memorandum which was given me today by the Secretary General of the Ministry of Foreign Affairs on strictly personal and confidential basis, which sets forth Government's position with reference to President Hoover's debt postponement proposal. Memorandum sent as an instruction late last week by air mail to Bulgarian Ministers Rome, Paris, Washington, London, and to be used as basis for representations at London Conference.

One. Proposal accepted with gratitude especially as current treasury receipts do not balance/expenditures. (*) held to cover out payments set forth in paragraph numbered one of Legation's telegram of June 26, 10 a. m., and pounds (sterling) 7544 and francs 186144 payable annually to France through the medium of Bulgarian National Bank. Service of bonds held by France in settlement of Declosiere affair (see my despatch No. 1113, Nov. 8, 1927). Kafandaris - Molloff payments

payments in her outside scope of proposal on the ground that role, with respect to property, of both Governments under Emigration Convention and subsequent related agreements is that of purchaser of private property and that commitments relate therefor to private rights. In support thereof cites articles ten and eleven of Emigration Convention and articles one and sixteen of plan of payments drawn up by two Governments and accepted by Mixed Commission December 8, 1922. Kafandaris - Molloff agreement which replaced plan of payment relates to modalities only and does not affect juridical nature of obligations. Greek contention that balances due from it are in the nature of war debt was rejected in Paris in 1920 by Committee of Experts on non-German reparations.

Two. Foreign Office has received no communication from Greek Government to the effect that latter will not make payment now due and payable not later than end of this month nor is it known here that any such communication has been sent to Mixed Commission, Athens.

Three. Secretary General of Ministry of Foreign Affairs has informed me confidentially that Bulgarian Minister at London reports British Government friendly to Bulgarian thesis but of the opinion that further representations necessary at (?).

Repeated

REP



Repeated to London for Ambassador Gibson to whom copies of all documents mentioned are being sent by air except Legation's telegram of June 26 copies of which it is presumed that he already possesses.

BARNES

WSB

HPD

(*) Apparent omission.

# DOCUMENT FILE

# NOTE

768.745/33

SEE 462.00 R 296/4625 FOR Memo

FROM Near Eastern Div. ( Alling ) DATED July 1, 1931

TO NAME 1—1172 ero

REGARDING: Hoover's Moratorium: Discussion of the - with Bulgarian Minister in which he desired to know whether the Molloff-Caphandaris payments could be suspended. Informed by Mr. Culbertson that they could not and they would be considered payments on private claims of Bulgarian refugees.

las

# DOCUMENT FILE

# NOTE

SEE 462.00 R 296/4739 FOR Memo.

State Department
FROM Near Eastern Division (Diemel) DATED July 14, 1931.
TO NAME 1—1127 o.r.o

768.745/34

REGARDING:

Hoover Moratoriums Outline of the Greek debt to Bulgaria under the Molloff-Caphandaris Agreement to determine whether such payments could be postponed in accordance with the -.

b

# DOCUMENT FILE

## NOTE

35

768.745/35

SEE 462.00 R 296/4814 FOR Tel#296 8pm

FROM Great Britain ( Dawes ) DATED Aug 4, 1931.

TO NAME

1—1127 GPO

REGARDING:

FROM LIVESEY:

Hoover Moratorium: London Experts Conference on -. Bulgaria will pay Greece the exact amount of reparations necessary to enable Greece to meet its Kafandaris-Molloff obligations during the holiday year.

768.745/35

# DOCUMENT FILE

# NOTE

SEE 462.00 R 296/4840 FOR Tel#310 3pm

FROM Great Britain ( Dawes ) DATED Aug 6, 1931.

TO NAME

1—1127 o.r.o.

768.745/36

REGARDING: FROM LIVESEY:

Hoover Moratorium: Recommendations of the Experts Conference in regard to the Greco-Bulgarian difficulties and the Kafandaris Molloff Agreement payments. Opinion is that the Committee is not competent to rule and the matter should be settled directly by the two governments concerned.

b

OJH

GREEN

LONDON

Dated August 6, 1931

Rec'd. 1:25 p.m.

Secretary of State,

Washington.

310, August 6, 3 p.m.

FROM LIVESEY.

Text of part three experts' report is as follows:

"(begin underlining) Part three - non-German payments. (End of underlining).

(Begin underlining) Funds A and B. (End of underlining). Thirteen. We agree that it is very desirable that the payments to these funds should, so far as possible, not be interrupted during the 'Hoover year'. We express no opinion on this judicial question as to whether these payments are inter-governmental, but our recommendation is based on grounds of policy and in particular the undesirability of endangering the successful working of arrangements reached after lengths and difficult negotiations in a case where the financial sums at stake are relatively inconsiderable.

The Governments of Czechoslovakia, France, Italy,

Rumania,

Rumania, the United Kingdom (subject to the adjustment of a technical difficulty) and Yugoslavia are willing in principle to continue the payments during the Hoover year.

We trust that the Hungarian Government will feel able to accept our unanimous view that payments by Hungary under agreement No. (?) one signed at Paris on 28th April, 1930, so far as they have in fact been assigned to the benefit of fund A, should also be continued without interruption.

We hope that, as regards the Bulgarian payments which have, in fact, been assigned to Fund A, an arrangement may be reached which will safeguard the interests of the fund. (Begin underlining) Hungary (end of underlining). Fourteen. Subject to the above remarks, we recognize that the payments by Hungary should, under President Hoover's Proposal, be postponed for the year 1st July, 1931, to 30th June, 1932, and we consider that repayment should be effected on terms similar to those proposed for the conditional German annuities and the inter-allied war debts.

(Begin underlining). Bulgaria (end underlining). Fifteen. Subject to the remarks in paragraph 13 as regards

Fund A, we recognize that payments by Bulgaria should also be postponed on similar terms to those referred to in the preceding paragraph. But we have to report that, before the necessary agreement to this end can be concluded, the difficulty which has arisen in regard to the Caphandaris-Molloff agreement will have to be overcome.

This agreement concerns the method of paying for the properties left by Bulgarian refugees in Greece and by Greek refugees in Bulgaria. Briefly the arrangement in force is that 90 percent of the payments are made in bonds, the interest and amortization of which is paid by the Greek Government in respect of properties left by Greeks in Bulgaria, and by the Bulgarian Government in respect of properties left by Bulgarians in Greece. A balance is struck half yearly, and the Greek Government has to pay during the (Hoover year) some 190,000 pounds sterling representing the excess of payments made by the Bulgarian Government on bonds issued in respect of properties left by Bulgarians in Greece as compared with analogous payments made by the Greek Government.

The Greek Government claims that such payments are inter-governmental and must be suspended under President Hoover's Proposal while the Bulgarian Government maintains that the payments are in respect of private properties;

that they are

that they are for the benefit of private bondholders; and that the arrangements made for the governments to act as the channel for part of these payments do not alter their fundamental nature as private debts.

The Greek Government further emphasizesthe difficulties in which they will be placed if President Hoover's Proposal is applied to non-German reparation of which Greece receives some 75 per cent and they regard it as inadmissible that Bulgarian payments to Greece should be suspended while Greek payments to Bulgaria continue uninterrupted.

We do not feel that it is within our competence to express any opinion as to the difference of opinion set forth above. In this as in other cases where doubt has been expressed as to whether debts are inter-governmental in nature we consider that the matter must be settled by the two governments concerned.

We must, however, record our emphatic view that it is desirable that a practical settlement should be reached by the Greek and Bulgarian Governments in the most conciliatory spirit possible".

DAWES

WSB HPD

# DOCUMENT FILE

# NOTE

768.745/37

SEE 462.00 R 296/4849 FOR Tel#313 6pm

FROM Great Britain ( Dawes ) DATED Aug 6, 1931.

TO NAME

1—1127 G.P.O.

REGARDING:

Hoover Moratorium: FROM LIVESEY: Secretary of the Committee suggests that the differences between Bulgaria and Greece be arbitrated informally by Ambassador Gibson. I have informed Gibson by telephone of this suggestion.

768.745/37

b

OJH

GRAY

LONDON

Dated August 6, 1931

Rec'd. 3:17 p.m.

Secretary of State,

Washington.

313, August 6, 6 p.m.

FROM LIVESEY.

My 312, August 6, 5 p.m.

Pinsent suggested that with everything in way of settlement except Bulgarian reparations it might be possible to arrange that both Bulgaria and Greece request that their difficulty be submitted to Ambassador Gibson to arbitrate informally. The idea had not been mentioned to either but the Foreign Office was informed from Sofia before the Conference that Bulgaria would be prepared to accept any hint from the United States as to the course it should pursue while Greece had made several proposals to Bulgaria to arbitrate various disputes and would find difficulty in declining to arbitrate this. The procedure could be very informal and a decision could be reached in short order. Mr. Gibson could act independently or with the aid of members of the Experts' Committee.

I have

I have informed Ambassador Gibson by telephone of this suggestion.

DAWES

WSB

HPD

# DOCUMENT FILE

## NOTE

SEE 462.00 R 296/4853 FOR Tel#99 9pm

FROM Belgium ( Gibson ) DATED Aug 6, 1931.

TO NAME

1—1127 O.P.O.

REGARDING:

Hoover Moratorium: Livesey has telephoned me that it has been suggested that I arbitrate the differences between Greece and Bulgaria. I believe it would be unwise for us to accept the role of arbitrator as the Kafandaris-Molloff agreement provides for settlement of differences by a majority of the Council of the League of Nations.

b

768.745/38

768.745

HSM

Brussels

This telegram must be closely paraphrased before being communicated to anyone.

Dated August 6, 1931

Rec'd 8 p.m.

Secretary of State,

Washington.

99, August 6, 9 p.m.

Livesey telephones me that it has been suggested in London that I might arbitrate the differences between Greece and Bulgaria and that he has telegraphed this suggestion to the Department.

I assume the Department would not wish to become involved in this situation, primarily of European concern, especially as it is my recollection that a method is already provided in the Caphandaris-Molloff agreement to the effect that differences are to be settled by a majority of the Council of the League of Nations. After my observation in London of the feeling of both Greeks and Bulgarians on the subject I believe it would be unwise for us to accept the role of arbitrator.

GIBSON

OX

# DOCUMENT FILE

# NOTE

768.745/39

SEE 462.00 R 296/4992b FOR Instruction #

FROM (Shoemaker) DATED August 21, 1931
NAME

TO Bulgaria

1—1127

REGARDING:

Instructed to keep Department informed of settlement of suspension of debt payments between Greece and Bulgaria. Department cannot act as arbiter in disputed points.

# DOCUMENT FILE

# NOTE

768.745/40

SEE 462.00 R 296/4992a FOR instruction #-

FROM ( Skinner ) DATED Aug.21,1931.

NAME

TO

Greece

1—1127 o.f.o.

REGARDING:

Hoover Moratorium:
Keep Department informed of settlement of suspension of debt payments between Greece and Bulgaria. Department cannot act as arbiter in disputed points.

a.

# DOCUMENT FILE

# NOTE

763.745/41

SEE 462.00 R 296/5207 FOR communication

FROM the Permanent Court of International Justice at the Hague ( NAME ) DATED Oct.1,1931.

TO

1—1127 o.r.o.

REGARDING:

Caphandaris-Molloff Agreement-in conjunction with the President's Moratorium. Copy of document containing request for an Advisory Opinion thereon.

# DOCUMENT FILE

# NOTE

SEE 868.00-General Conditions/12 FOR #2058

FROM Greece ( Fisher ) DATED Feb. 2, 1932

TO NAME

1-1127 GPO

REGARDING:

Greco-Bulgarian Mixed Commission for the Exchange of Populations has been dissolved on December 31, 1931. Future questions relating to the exchange of populations will come within the competence of the Financial Commission of the League of Nations.

las

768.745/42

69.745

**Greco-Bulgarian Mixed Commission for the Exchange of Populations:**

This commission was dissolved on December 31, 1931, in accordance with the decision taken at the last meeting of the Council of the League of Nations. The members have liquidated its affairs and have left Athens. Future questions relating to the exchange of populations will come within the competence of the Financial Commission of the League of Nations.

**The Salamis Arbitration:**

Central File: Decimal File 768.745, Political Relations Of States, Relations; Bi-Lateral Treaties., Greece And Bulgaria, Immigration., September 24 1930 - Feb. 2, 1932. September 24, 1930 - February 2, 1932. MS Turkey, Greece, and the Balkan States: Records of the U.S. Department of State, 1930-1944: Records of the Department of State Relating to Political Relations of Turkey, Greece, and the

Balkan States, 1930-1939. National Archives (United States). Archives Unbound, link.gale.com%2Fapps%2Fdoc%2FSC5111391553%2FGDSC%3Fu%3Domni%26sid%3Dbookmark-GDSC. Accessed 20 June 2025.